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ABSTRACT

A report on the remodeling projects at the University of Minnesota president's house and office is presented, noting significant shortcomings in the way the projects were managed and in the reporting relationship that existed between the Board of Regents and the university's administration. Recommendations are offered to the university on how accountability over remodeling projects can be improved. Ways in which the university might in the future avoid problems in maintaining the president's house are suggested. It is recommended that the Board of Regents formally adopt policies for approval and reporting of capital project expenditures, that they improve controls over authorization and utilization of unrestricted or discretionary funds, and that the university not pay for capital expenditures directly from the president's University Foundation expense account. A history of the Eastcliff residence and analysis of project costs are followed by a discussion of the remodeling of the president's offices. Six appendices are as follows: (1) bid tabulation for the Eastcliff project; (2) a letter discussing plans for Eastcliff, plus the minutes of the University's Board of Regents Physical Planning & Operations Committee meeting; (3) letters with a brief summary of the cost and sources of funds for the Eastcliff renovation and the deffered maintenance project; (4) a recap of the physical plant expenditures for Eastcliff; (5) interpretations of delegations of authority and matters to come before the Board of Regents; and (6) a memo on procedures for reporting projects to the Board of Regents for approval to proceed. Tables are included. (SM)

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REMODELING OF UNIVERSITY OF MINNESOTA PRESIDENT'S HOUSE AND OFFICE

March 1988

Program Evaluation Division
Office of the Legislative Auditor
State of Minnesota

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STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

March 9, 1988

Representative Phillip J. Riveness, Chairman
Legislative Audit Commission

Dear Representative Riveness:

I am transmitting to you and members of the Legislative Audit Commission in this report our review of remodeling projects at the University of Minnesota President's house and office. We have found significant shortcomings in the way the projects were managed and in the reporting relationship that existed between the Board of Regents and the University's administration.

We offer several recommendations to the University on how accountability over remodeling projects can be improved. We also discuss how the University might in the future avoid problems in maintaining the President's house.

We received the full cooperation of the Board of Regents and the University administration.

Our review was conducted by Claudia Gudvangen from the Financial Audit Division and Tom Walstrom from the Program Evaluation Division. They received assistance from Al Finlayson.

Sincerely,

James R. Nobles
Legislative Auditor

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REMODELING OF UNIVERSITY OF MINNESOTA
PRESIDENT'S HOUSE AND OFFICE

In early February 1988 media reports raised questions about remodeling, renovation, and maintenance projects at Eastcliff, the University of Minnesota president's house. The projects were reported to have cost over $1.3 million. Reports soon followed of a $200,000 remodeling project of the President's suite of offices at the University, including significant expenditures for office furniture. The management of these projects and the propriety of the expenditures have been intensely discussed among legislators, the Regents of the University, and the public. On February 24, 1988 the Legislative Audit Commission asked the Office of the Legislative Auditor to review the projects. Specifically, we were asked to examine the following questions:

- What were the total costs of the Eastcliff renovation and the President's office remodeling projects? What were the funding sources for these expenditures?

- What portion of increased costs was due to program or scope changes and what portion was due to unanticipated problems or cost overruns?

- Did the University follow appropriate standards and procedures in administering these projects, in areas such as contract award and administration, payment process, and reporting to the Board of Regents?

In order to answer these questions we interviewed the principal officials involved in the projects and examined available financial and documentary evidence associated with the projects.

I. HISTORY OF THE EASTCLIFF PROJECT

A. BACKGROUND

Eastcliff is a 20-room residence occupying a two-acre homesite at 176 North Mississippi River Boulevard in St. Paul, Minnesota. The house was built in 1922 for the family of Edward Brooks. Eastcliff was donated to the University of Minnesota in 1958 by the Brooks family with the conditions that it be used as the home of University presidents until 1979 and that it be kept in good repair. University presidents have lived in the house since 1960, and, beginning in 1978, it has also been used for meetings and other University events.

In 1984, President C. Peter Magrath appointed a committee to comprehensively examine Eastcliff's operation, physical condition, and long-term utility to the University of Minnesota. The committee's report, Eastcliff Long-Range Plan, was issued in August 1984. The report identified various structural inadequacies as well as items in need of maintenance and repair. In particular, the report noted that the dining and kitchen arrangements were inadequate for the extent of university entertaining that occurred at the house.

In March of 1984, University Physical Plant personnel assessed the maintenance deficiencies at Eastcliff. They developed a three page list of items needing attention as part of a ten year maintenance plan. The estimated cost of these items was approximately $190,000. According to many familar with Eastcliff, maintenance at the residence had been ignored for many years, in part because of the sensitive nature of spending money on the University president's residence.

The University was undergoing a change of presidents at the same time the Eastcliff Long-Range Plan was completed. C. Peter McGrath left the University on October 1, 1984 and Kenneth Keller was appointed acting president. Although not originally a candidate, in March of 1985 the University Board of Regents appointed Kenneth Keller as President.

In negotiating the president's contract with the Regent's Executive Committee there was some discussion of the need to fix-up Eastcliff. Dr. Keller's notes from the meeting mention renovating the kitchen at Eastcliff and they include a note that the renovation should not be in the contract. David Lebedoff, current Chairman of the Board of Regents, was on the Executive Committee that negotiated with Dr. Keller. Although he does not clearly recall discussing the Eastcliff remodeling in Dr. Keller's employment negotiations, he does not dispute that renovation was probably discussed. On the other hand, he told us that individual Regents could not have committed the Board on such an issue. In any event, President Keller had the understanding that Eastcliff would be fixed-up, though according to him, no clear plan or funding source was established in his employment negotiations.

A certain amount of work was in fact begun at Eastcliff while Dr. Keller was acting President. For example, both the tennis courts and swimming pool were worked on at Dr. Keller's direction during the early spring of 1985 at a cost of approximately $21,000. Certain other maintenance and repairs were also performed by the University's Physical Plant staff during this period.

B. PROJECT DESIGN

In May of 1985 the Eastcliff renovation project accelerated. President Keller's wife, Bonita Sindelir, and the University's Associate Vice President for Physical Planning toured Eastcliff with three architecture firms and they chose The Leonard Parker Associates to provide architectural services for the project.

The architects began work in June 1985. At that point the scope of the work to be completed was vague. The architects recall that their work had several objectives, specifically:

- to consolidate and enlarge the dining space and reorganize the kitchen to make the house more conducive to entertaining;
- to make the house more amenable to single family occupancy by providing for family cooking and eating spaces; and
- to increase the utilization of existing space.

In addition, the architects were under the impression that certain other maintenance and repairs would be performed. Finally, the architects were told that to accommodate the University's and President Keller's schedules the project was to be completed as fast as possible.

The architects do not recall being presented with a specific budget for the project. However, file memoranda written at the time clearly establish that the budget for the project was set at $400,000. Also, on June 4, 1985 a budget allocation of $400,000 was made by David Lilly, University Vice President for Finance and Operations "to fund remodeling and repairs to the President's residence at Eastcliff".

The Leonard Parker Associates were provided with the list of deferred maintenance items identified by the University in 1984. After a site visit and review on June 24, 1985, the architects identified a number of additional items and noted that if their recommendations were followed it would result "in substantial cost increases" over the University estimate of $190,000 for maintenance items.

At the same time that the architects were reviewing the kitchen/dining room remodeling project, the Keller's were making preparations to occupy Eastcliff. Bonita Sindelir directed the University's Physical Plant to make a number of changes to the family living spaces at Eastcliff. In-

cluded were items such as painting all the upstairs rooms and a number of decorating requests.

The architects continued design work throughout June and July 1985. In August 1985 it was decided that because of the desire to complete the work as soon as possible, the University would use a design/build/construct type process. The Purchasing department issued a request for quotations for the project and on August 19, 1985 entered into an agreement with McGough Construction. On August 30, 1985 the architects made a cost estimate of between $560,000 and $670,000 not including furniture, furnishings, interior design fees, or construction contingency.

On September 6, 1985 the project suffered a setback when McGough Construction estimated that their work alone would cost over $680,000. When allowances for fees, deferred maintenance, landscaping, and contingencies were added in, the estimated cost of the project was over $1.1 million.

During the following week the architects worked with McGough and through deletions and reductions the McGough estimate was reduced to $510,127, for a total project cost of approximately $1 million. On September 10, 1985 the architects met with Clint Hewitt, the University's Associate Vice President for Physical Planning, to review possible courses of action. A budget of $500,000 was established that included $250,000 for remodeling the dining area, $100,000 for fees and contingency, and $150,000 for maintenance items. Leonard Parker felt that this budget could be met if the following steps were taken:

- If they abandoned the pre-selection of McGough Construction and competitively bid the project. Parker felt that the pre-selection of McGough had not worked out and had resulted in distorted pricing.

- If the schedule for the project was extended to give contractors more time to secure more accurate and competitive bids.

- If a number of design and scope changes were made, including

  - o changing from a full food preparation kitchen to a catering kitchen;

  - o reducing the scope and complexity of millwork;

  - o providing air conditioning by window/wall units rather than central air; and

  - o deferring improvements to the sun porch room.

University officials decided to go ahead on the basis suggested by the architects. The architects began to prepare working drawings and specifications to competitively bid the project in October 1985. On October 2, 1985 the architects estimated the project costs at $620,000 without air conditioning and $744,000 including central air conditioning,

a full prep kitchen, a bay window and buffet, and remodeling the sunroom. Sometime in early October University officials decided to go ahead with a full food preparation kitchen and to include the other items as separate price alternates on the bid.

The project was put out for competitive bids in the middle of October. The bid specifications called for a base bid and eight separate price alternates. Bids were received on October 31, 1985 from seven general contractors. (See Appendix A.) University officials decided to award the project to the low bidder, Frerich's Construction, whose base bid was $251,900.

A number of bid alternates were also accepted:

Buffet/Bay Window	$11,300
Garden Room Ceiling	$ 3,800
Window Seats	$ 4,700
Replicate Cornice	$ 1,750
Central Humidifier	$ 5,100

After adding in these alternates, the contract with Frerich's was prepared for $278,550.

Because of concerns over cost, the $111,200 central air conditioning alternate was not accepted. However, provisions were made for future air conditioning of the first floor through a change order with Frerich's. It was estimated that the cost would be approximately $60,000 for the work.

At this point in the process the total project costs were estimated to be $644,477 plus a $50,000 landscaping allowance, for a total budget of $694,477.

In addition to the general contract with Frerich's Construction for the remodeling of the dining area and kitchen, three other major contracts were competitively awarded for Eastcliff work. In May 1986, a contract was awarded to All American Mechanical to air condition the second floor. In July 1987 a contract was awarded to Lakeland Nursery for landscaping. Finally, in August 1987 a contract was awarded to Swanson and Youngdale for exterior stripping and painting.

The University's Physical Plant staff also completed a large number of projects of all types at Eastcliff from March 1985 to the present. Work was scheduled to continue in the Spring of 1988.

C. REGENTS NOTIFICATION

On September 6, 1985 Vice President David Lilly sent a letter regarding Eastcliff to the Board of Regents in advance of their September 12-13, 1985 meeting. The letter was to advise the Regents of plans that were under way to correct maintenance deficiencies and to "implement the

renovation of the dining/kitchen area". Vice President Lilly noted a number of deferred maintenance items in the letter (see Appendix B) and said that they would be completed on "the basis of highest priority and cost effectiveness." He also noted that the University had set aside $200,000 for repairs and $200,000 for the dining room remodeling.

On September 12, 1985, the Board of Regents Physical Planning Committee met. In the morning the Board of Regents was invited to tour Eastcliff "to review proposed maintenance and renovation needs", and several Regents did tour the house. Leonard Parker remembers telling Regents at the tour that the project would probably cost more like $750,000 than $400,000. At the afternoon Physical Planning Committee meeting, Associate Vice President Hewitt reviewed some of the proposed maintenance items for Eastcliff. The Board minutes indicate the Regents discussed the future use of Eastcliff for official entertaining and directed the administration to "report back to the committee regarding the future use of Eastcliff." The project was listed on the agenda as an information item and a vote was not taken on the proposed Eastcliff project.

From the written record it is clear that the administration was supposed to report back to the Regents. There is no record in the Regents' files or meeting minutes that the administration did report back as requested, nor is there any record of formal action by the Regents on a proposal to remodel Eastcliff.

Informal communications occurred between the administration and Regents. For example, President Keller says that he was told by Regent Goldfine that the administration should go ahead with the project and report back on the costs. Vice President Lilly remembers that President Keller told him and others that they had approval and there was no need to put the remodeling proposal on the Regents' agenda.

We talked to Regent Goldfine and he does not recall a specific conversation in which he gave President Keller the go-ahead for remodeling at Eastcliff. He told us that he would not have presumed to have that kind of authority to speak for the Board of Regents. However, he said that it was reasonable for President Keller to interpret that the Eastcliff remodeling project had been given at least tentative approval "by the general course of events" at the September 1985 Regents' meeting. Also, Regent Goldfine recalls that when he and other regents toured Eastcliff, they were told by the architect that the remodeling project would cost approximately $500,000.

Whatever communications occurred between the University administrators and Regents, it is clear that the Eastcliff project proposed at the Regents' September meeting never came before them for a vote. On November 8, 1985, Vice President Lilly prepared a estimate of the project costs (based on the bids received October 31, 1985) to distribute at the Regents' November meeting. (See Appendix C.) Apparently it was never distributed, or went unnoticed in other materials distributed at the meeting, because Regents say that they did not receive it.

II. ANALYSIS OF EASTCLIFF PROJECT COSTS

A. WHAT DID IT COST?

From approximately June 1985 through February 1988, the Eastcliff Renovation and Maintenance Project has cost $1,479,721, including estimated obligations for work which has been started and will be completed this spring. Table 1 provides detail on the costs by area or type of work performed. Total costs for outside contractors were approximately $1,137,000. In addition, some work was completed by the University's Physical Plant Division or subcontractors, with applicable charges allocated to the project.[1] Physical Plant costs relating to the project total approximately $343,000.

We reviewed supporting documentation for the project costs including contracts, bid documents, change order requests, requisitions, shop tickets, daily time reports, and invoices. We have relied on the University's computerized central accounting system as well as Physical Plant's computerized system for allocating costs to projects. We did not evaluate Physical Plant's system for managing projects or their rate structure for billings.[2] Our review did not disclose any irregularities in the supporting documentation for project costs, except for a $935 overpayment to the landscape architect, which has now been refunded.

Costs for the Renovation and Maintenance Project, as shown on Table 1, include the following work:

- *Interior Remodeling and Repair* $688,303

  The major work done by the general contractor included gutting the north wing of the first floor; building a new catering kitchen, a family kitchen, and a bathroom; and expanding the dining area. Physical Plant did various repair and remodeling projects on the first and second floors. This included interior painting, floor repair and refinishing, and remodeling in the sun porch area. Also included in this portion of the project are changes to the heating system and various electrical and plumbing work.

- *Air Conditioning* $191,267

  Central air conditioning for the first and second floors was installed. This included applicable duct work and piping.

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[1]For a breakdown of Physical Plant charges see Appendix D. A performance audit of Physical Plant operations, to be completed about August 1, 1988, was requested by the Legislative Audit Commission on March 3, 1988.

[2]These issues will be included in our expanded review of Physical Plant.

- *Exterior of Buildings* $279,250

  The major portion of work on the exterior of the building involved stripping the old paint off the main building, the garage and caretaker's apartment, and the bath house and repainting the facilities. Also included is necessary repair to the buildings as a result of rotted wood or other problems, repair of the garage floor, and replacement of downspouts.

- *Terrace, Walkways, and Lighting* $207,387

  The outside terrace or patio area and various walkways were redone. This included flagstone and brick paving, construction of masonry walls, steps, and a trellis by the pool. Also incorporated was an extensive garden lighting system.

- *Fence* $ 41,785

  A new fence with four gates was constructed around the property. To maintain the historical look, the previous design was matched.

- *Furnishings and Decorating* $ 46,945

  This category includes interior design services and some furnishings for the facility. Included in the total are purchases totaling $35,725 which were paid directly by the University Foundation from President Keller's expense account.

- *General Supervision and Other* $ 24,784

  The major component of this category is construction supervision and overtime for the Physical Planning and Physical Plant staff responsible for Eastcliff maintenance.

The costs shown in Table 1 include only items which have been expended to date or are obligated for work to be completed this spring. In addition, University officials have discussed certain other Eastcliff projects as being necessary in the near future. These include replacing the second floor and garden room windows at an estimated cost of approximately $50,000, replacing the roofs on the garage and bath house, and providing landscape plantings for the terrace area.

In Section II.C. we further analyze the costs associated with the Eastcliff project, comparing actual expenditures to budgeted amounts. We also discuss why the costs were higher than anticipated and changes which were made in the original scope of the project.

Other Eastcliff Related Expenditures

In addition to the building and remodeling project, there are ongoing operating and maintenance costs for Eastcliff. Salaries for two staff, supplies, and minor repair and maintenance items are paid through an

TABLE 1

EASTCLIFF RENOVATION AND MAINTENANCE PROJECT
SUMMARY OF EXPENDITURES INCLUDING OBLIGATIONS
AS OF FEBRUARY 29, 1988

Interior Remodeling and Repair:		
Outside Contractors -		
General Remodeling Contract	$354,695	
Architectural and Engineering Services	115,947	
Kitchen Consultant and Appliances	67,728	
Physical Plant -		
Interior Painting	51,614	
Remove Dumbwaiter and Install Door	17,290	
Telephone and Security Systems	16,793	
Repair Entry and Refinish Floors	15,668	
Heating System	15,774	
Other	32,794	
Subtotal		$ 688,303
Air Conditioning:		
Outside Contractors	$ 96,563	
Physical Plant	94,704	
Subtotal		$ 191,267
Exterior of Buildings:		
Outside Contractors -		
General Contractor	$ 20,382	
Painting Contractor	188,140	
Architectural and Engineering Services	3,897	
Physical Plant	66,831	
Subtotal		$ 279,250
Terrace, Walkways and Lighting:		
Outside Contractors -		
Construction Contractors	$176,445	
Architectural Services	27,328	
Physical Plant	3,614	
Subtotal		$ 207,387
Fence		41,785
Furnishings and Decorating:		
Outside Contractors	$ 38,225	
Physical Plant	8,720	
Subtotal		$ 46,945
General Supervision and Other		24,784
TOTAL EXPENDITURES INCLUDING OBLIGATIONS		$1,479,721

Note 1: Total expenditures includes estimated obligations of $62,125 for completion of exterior painting, repair work, and landscaping.

Note 2: The kitchen consultant and appliances total incudes $6,200 in expenditures for equipment purchased for Eastcliff but not used because of subsequent remodeling for air conditioning. The equipment is currently stored by Food Services.

annual budget funded from the University's Operations and Maintenance account. Table 2 shows the total expenditures from this account during fiscal years 1985 through 1988. During fiscal years 1985 and 1986, special nonrecurring allocations were made to this account to fund certain maintenance and repair projects such as the tennis court and swimming pool repair discussed previously.

TABLE 2

EASTCLIFF OPERATING BUDGET

Fiscal Year	Salaries and Benefits	Repairs and Maintenance	Total
1985	$ 50,344	$ 78,074	$128,418
1986	62,379	32,996	95,375
1987	68,538	59,240	127,778
1988[a]	66,886	48,866	115,752
Total	$248,147	$219,176	$467,323

[a]Estimated.

Salary expenses for the Eastcliff cook, which currently are budgeted at approximately $33,000 a year, are paid from the University Support Services budget. Certain expenses for entertaining at Eastcliff are also paid from the Food Services budget. For calendar years 1985 through 1987, these costs, which include food, labor, and other expenses totaled $58,280. This includes approximately $6,400 for equipment and cooking utensils for the Eastcliff kitchen. In addition, the University Foundation has paid certain Eastcliff entertainment expenses directly from President Keller's expense account. During the period December 1984 to December 1987, these payments totaled $21,143.

B. WHAT ARE THE SOURCES OF FUNDING?

Table 3 identifies the sources of funding for the Eastcliff renovation and maintenance project. The funding sources have been referred to by University personnel as the "Non-State Internal University Resource Pool." Basically, this includes unrestricted gifts, interest earned on certain unrestricted cash balances, and support service revenues. A portion of this resource pool is controlled by the central administration, primarily Vice President for Finance and Operations David Lilly, who can approve allocations to specific projects.

TABLE 3

EASTCLIFF RENOVATION AND MAINTENANCE PROJECT
SOURCES OF FUNDING
AS OF FEBRUARY 29, 1988

Date	Description	Total	Plant Funds Investment Income	Support Services Reserve	University Foundation	Unrestricted Gifts
June 1985	Original Funding	$ 400,000	$400,000			
September 1985	Kitchen Remodeling and Equipment	50,000		$ 50,000		
December 1985	Kitchen Remodeling and Equipment	104,517		104,517		
July 1986	Kitchen Remodeling and Equipment	11,855		11,855		
August 1986	Donation for Project	353,650			$353,650	
September 1986	Kitchen Consultant	800		800		
March 1987	Nonrecurring Allotment	527,000		500,000		$27,000
January 1988	Reverse Portion of Prior Allotment	(200,438)		(200,438)		
January 1988	Establish Anticipated Income	200,438			200,438	
Various	Direct Purchases for Remodeling	35,725			35,725	
Various	Allocated Investment Income	50,959		49,470		1,489
TOTAL ALLOCATIONS		$1,534,506	$400,000	$516,204	$589,813	$28,489

NOTE 1: As of March 2, 1988, the University Foundation has not approved the $200,438 allocation for the project.

NOTE 2: The total allocations of $1,534,506 exceed expenditures and estimated obligations of $1,479,721, as shown on Table 1, by $54,785 which represents available or free balance.

The original funding of $400,000 for this project came from investment income on unrestricted cash in the plant funds. Food Services, a component of Support Services, contributed $167,172 toward construction of the catering kitchen and purchase of equipment. In addition, $299,562 from Support Services Reserve funds and $27,000 from Unrestricted Gifts have been allocated to the project, upon the direction of Vice President Lilly. During fiscal years 1986 through 1988, these accounts have been allocated an additional $50,959 in investment income which is also available for the project.

In 1985 the University Foundation agreed to be a "partner" in the Eastcliff renovation project. As provided for in Foundation procedures, in December 1985, the Foundation Executive Committee approved a one-time allotment of $352,000 for maintenance improvements at Eastcliff. The actual payment to the University of $353,650 was made in August 1986. The payment was subsequently approved by the full Board of Trustees. At the time of the Foundation payment, there was no formal documentation provided about the total project budget or specific components funded from their contribution. In January 1988 University Controller and Treasurer Carol Campbell sent a request to the Foundation for an additional $200,438, based on information from Vice President Lilly regarding his interpretation of the Foundation's commitment to the project. Vice President Lilly understands the University Foundation's project commitment is to fund approximately half of the cost. Neither the Foundation Board of Trustees nor the Executive Committee has formally reviewed the $200,438 request or approved payment to the University. The request will most likely be reviewed by the Foundation Board at their May 1988 meeting or at an earlier meeting of the Executive Committee.

In addition to the $353,650 contribution to the Eastcliff project, the Foundation also paid $35,725 for interior decorating services and various furnishings for the remodeled area at Eastcliff. These amounts were paid over a two-year period from President Keller's annual expense account which is funded by the Foundation.

C. WHY WERE COSTS HIGHER THAN EXPECTED?

The initial controversy over the Eastcliff remodeling project arose because the expenditures grew to over three times the $400,000-$500,000 budget Regents remember, and over twice the $644,417 budget the University established after bids were taken. In this section we examine why costs were higher than anticipated.

CLASSIFICATION OF COST INCREASES

Table 4 shows expenditures for the Eastcliff project compared with the project budget established by the University on November 8, 1985. The table categorizes the variance between budgeted and actual expenditures by the following major cost overrun categories: field conditions, program/

TABLE 4

ANALYSIS OF PROJECT COST VARIANCES

	Nov. 8, 1985 Budget	Actual	Variance	Explanation of Variance: Field Conditions	Explanation of Variance: Program/ Scope Change	Explanation of Variance: Over Allowance Amount
CONSTRUCTION ITEMS						
Base Bid -Frerich's	$251,900	$ 251,900				
Electric Transformer	10,000 NSP	190	$ 9,810		$ 9,810	
Add Alternates	26,650	26,650				
Change Orders--Frerichs						
1. Provided A/C Piping 1st Flr + Attic Risers	60,000	58,692	1,308		1,308	
2. Program Changes		5,154	(5,154)		(5,154)	
3. Program Changes		6,606	(6,606)		(6,606)	
4. Structural Changes		10,210	(10,210)	($10,210)		
5. Program 2469--Structural 1503		3,972	(3,972)	(1,503)	(2,469)	
6. Program		11,774	(11,774)		(11,774)	
7. Mechanical, Electrical, Delay Claim		33,595	(33,595)	(33,595)		
8. Program and Structural 7/25/86		4,834	(4,834)		(4,834)	
9. Exterior Paint and Fence						
· Water Table		2,644	(2,644)	(2,644)		
· Strip Repaint East Wall		12,082	(12,082)	(12,082)		
· Replace Fencing	4,000	32,704	(28,704)	(28,704)		
· Exterior Lighting	500	1,914	(1,414)			($1,414)
10. Extra for Fence		7,000	(7,000)	(7,000)		
· Adjust Exterior Lighting Allowance		1,392	(1,392)			(1,392)
11. Custom Shutters	5,000	8,300	(3,300)		(3,300)	
Physical Plant:						
Air Conditioning		85,808	(85,808)		(85,808)	
Remodeling 1st & 2nd flr · Plant	74,810	140,107	(65,297)		(65,297)	
Interior Decorating · Plant		40,339	(40,339)		(40,339)	
Other Physical Plant		73,647	(73,647)		(73,647)	
Painting--Exterior--Swanson & Youngdale	52,000	116,850	(64,850)	(64,850)		
--Garage and Bathhouse		71,290	(71,290)	(71,290)		
Landscape--Lakeland Nurseries	50,000	130,629	(80,629)			(80,629)
--C.O. 1 Lighting		38,965	(38,965)			(38,965)
--C.O. 2 Regrade Flagstone Walk		791	(791)			(791)
--C.O. 3 Repair Brick Veneer		110	(110)			(110)
Air Condition 2nd floor--All American Mech.		32,400	(32,400)		(32,400)	
--C.O.		1,624	(1,624)		(1,624)	
Eastcliff Interior Furnishings		35,725	(35,725)		(35,725)	
TOTAL CONSTRUCTION AND REPAIRS/MAINTENANCE	$534,860	$1,247,898	($713,038)	($231,878)	($357,859)	($123,301)

TABLE 4 (continued)

	Nov. 8, 1985 Budget	Actual	Variance	Explanation of Variance: Field Conditions	Explanation of Variance: Program/ Scope Change	Over Allowance Amount
NON-CONSTRUCTION COST						
A/E Fees--Leonard Parker	$ 80,000	$ 129,145	($49,145)		($49,145)	
Landscape Arch. Fees--Martin & Pitz		20,107	(20,107)		(20,107)	
U. of M. Arch. & Engineering Fees		2,000	(2,000)		(2,000)	
Interior Decorator Fees--Lavoie-Carraher		2,500	(2,500)		(2,500)	
Kitchen Consultants--Jan VanHaemert		7,630	(7,630)		(7,630)	
Contingencies	27,000		27,000		27,000	
Supervision	4,000	3,701	299			$ 299
Building Permit	2,100	2,685	(585)		(585)	
Energy Analysis		187	(187)		(187)	
Topographical Survey		472	(472)		(472)	
Advertise for Bid		129	(129)			(129)
Engineering Services	2,000	3,658	(1,658)		(1,658)	
TOTAL FEES	$115,100	$ 172,214	($57,114)		($57,284)	$ 170
Kitchen--Aslesen*	$ 44,517	$ 59,609	(15,092)	($11,874)	($3,218)	
TOTAL NON-CONSTRUCTION COSTS	$ 159,617	$ 231,823	($72,206)	($11,874)	($60,502)	$ 170
TOTAL CONSTRUCTION AND NON-CONSTRUCTION	$694,477	$1,479,721	($785,244)	($243,752)	($418,361)	($123,131)

*Note: Includes $6,200 of kitchen equipment held in inventory for reuse by Food Services.

scope changes, and difference in spending from allowance amounts. We did not attempt to determine whether each individual cost change was reasonable in amount, but rather to classify the cost changes and group them according to type.

Field Conditions

Remodeling projects in older homes are prone to difficulty. In the case of Eastcliff, architects did not have the benefit of knowing what work had previously been done in the house. As a result, during demolition they uncovered unknown electrical panels, plumbing runs, bearing walls, and other structural anomalies that added to project costs. Additional labor and materials were required, and additional costs were incurred because of the delay caused by the unforeseen conditions. We estimate that approximately one-third (over $200,000) of the construction cost overrun was due to unforeseen field conditions.

Program and Scope of Work Changes

A significant portion of the increased costs was due to unbudgeted changes in the scope of the work to be completed. We estimate that over $400,000 in additional work was completed.

Many of the additional items were performed at the direction of Dr. Keller or his wife. For example, the Kellers' directed that the provision for limited air conditioning in the general contractor's bid be expanded to provide central air conditioning for the whole house. The completion of central air conditioning added over $120,000 to project costs.

Another major contributor to the increase in costs was the unbudgeted work completed at the Kellers' direction to paint and decorate the house. For example, most of the carpet in the house was removed, and the floors were stripped, finished, and repaired where necessary. Much of the woodwork in the house was also stripped and refinished and most of the interior of the house was painted for a combined cost of over $65,000.

Many new furnishings, wall coverings, and fixtures were also specified by the President or his wife in consultation with an interior designer. The University's Physical Plant paid for over $7,000 in fixtures and furnishings expenses and the University of Minnesota Foundation bought $35,000 in furniture and furnishings for the house.

Several items that were cut out of the budget in 1985, or not included in an effort to hold down costs, were either added back as change orders to contracted work or performed or paid for by the Physical Plant. For example, wainscoting in the new dining area, deleted as a cost saving measure during the preconstruction phase, was added back as a change order to the general contract. A new phone and security system that was requested but not included in the original budget, was purchased through Physical Plant.

Allowance Amounts

It is common in any building project to include allowance amounts in the bids for fixtures, floor coverings, and other items. Allowances are sometimes also included for work to be performed that is not well specified when bids are taken. On this project there were allowance items of both types that resulted in cost overruns.

The most costly of these was an allowance in the original 1985 budget for landscaping. The allowance was for $50,000 but the actual cost has been over $207,000 to date, including architectural and landscape architect's fees. The landscaping work completed in 1987 was much more extensive than originally anticipated by the architects.

ADDITIONAL REASONS WHY COSTS WERE HIGH

Eastcliff Was Treated as a Restoration Project

Costs were generally higher than usual on this project because in many respects it was treated as a building restoration project. In many cases, the building process was modified to restore Eastcliff to something approaching its original condition. As a result, costs were somewhat higher.

The exterior painting of Eastcliff is one example of restoration. The painting and exterior repairs cost more than the $52,000 budgeted for a variety of reasons, the most important being because many layers of paint had to be stripped off the building. Stripping the paint was very labor intensive and contributed approximately 75 percent of the painting contract costs. Although the need to strip the paint was clearly known before the budget was put together, accurate costs associated with stripping the paint were not included. Several alternatives were considered including new siding for the house. The existing siding is 10" wide and is no longer commercially available; 10" siding would have to be specially ordered at a high cost and it is not available in the quality of the original siding. The house was not re-sided with commercially available 8" siding because of a desire not to change the house's appearance. As a result, the house was stripped and the original siding restored.

There are many other small examples, from the interior and exterior lighting fixtures to the wainscoting in the dining room, where a desire to restore an appearance consistent with the original led to additions in scope or other cost increases. Replacing the fence with a replica of the original (although less costly), and extending the wood fence to replace a wire fence on one side of the property, resulted in increased costs.

Eastcliff Never Had a Firm Workplan or Overall Budget

Another major factor contributing to increased costs was the lack of a firm budget and workplan for all aspects of the project. Some parts of

the project, such as the interior second floor remodeling and redecorating, never had a budget. New items were continually being added with no overall control over the level of expenditures.

The University's Physical Planning personnel knew about other project costs, but never included them in the project's budget. For example, a kitchen consultant and interior designer were already working on the project in the fall of 1985 but their fees were never included in the budget. It was also known that furniture, furnishings, and kitchen equipment would be purchased, but they were not included in the budget.

Another example of added costs caused by the lack of an overall plan for Eastcliff was the central air conditioning project. As discussed earlier, the whole house could have been centrally air conditioned if the alternate bid of the general contractor would have been accepted at a cost of $111,200. Instead, the University centrally air conditioned the house in three pieces: 1) the general contractor provided piping for the first floor; 2) Physical Plant provided the chiller, second floor registers and thermostats, and piping to the attic; and 3) an air conditioning contract was awarded for the second floor. The result of this approach was to increase the air conditioning costs to over $180,000. Also, after construction was largely completed, it was decided to air condition the kitchen at a cost of approximately $5,000. Changing the plan to air condition the kitchen at a later date led to numerous changes in the location and design of kitchen equipment that added over $6,000 to the cost of the kitchen.

Generally, the lack of an overall plan and budget for the project made control over expenditure increases difficult. Associate Vice President Hewitt's reporting to Vice President Lilly about cost and budget overruns never presented a complete picture of where the project stood in terms of what had been done and what was still planned. Expenditure breakdown figures for the project were reported only when the cash balance in Eastcliff accounts was low or in deficit status. Vice President Lilly told us he should have monitored the total of individual funding allocation requests more closely as they came before him.

Involving President Keller and His Wife Added Costs

Clearly, the involvement of President Keller and Bonita Sindelir in the project also increased costs for two reasons. First, items they specified added to the cost of the project. President Keller thinks that the University should have a pleasant and even elegant space for entertaining and hosting persons important to the University. Many of the choices made in remodeling Eastcliff reflect his point of view.

The Kellers' close involvement also, in our opinion, had a psychological effect. When the President of the University or his wife expressed their views on what should happen with various aspects of the remodeling project, university officials tried to please them. So much so, that, as we discuss in the next section, a number of Regents' and University controls over building projects and expenditures were sidestepped.

D. CONCLUSIONS ABOUT EASTCLIFF PROJECT

The Eastcliff remodeling project has been a troubling episode. President Keller and other University officials readily admit that many mistakes were made, and we agree. We conclude that:

- **A work plan and budget for remodeling at Eastcliff should have been unambiguously approved by the Board of Regents before any work began.**

- **Even though clear approval for remodeling was not given, the administration should have periodically reported back to the Regents about the project's status. This would have provided oversight and alerted the Board to cost overruns as unanticipated problems were encountered and as the scope of the project was expanded.**

- **The Board of Regents, knowing that some work was going on at Eastcliff, should have asked questions. They should have required University officials to report periodically on the project. The costs of the remodeling were in fact ultimately revealed when the Board Chairman, David Lebedoff, requested a report.**

- **President Keller and his wife should not have become so directly involved in the remodeling of Eastcliff, particularly since the Regents' approval and the reporting process were so ambiguous. President Keller should have foreseen that he was making himself vulnerable to criticism. He should have requested that the Board of Regents give explicit approval for a work plan and budget and he should have requested that they establish a committee to work with him and his wife in the remodeling of the President's house.**

In Section IV, we make recommendations on ways the University should improve accountability for all University building projects. Additionally, we have the following recommendation regarding Eastcliff.

- **The Board of Regents should establish a committee to plan for and oversee the orderly maintenance and use of the University President's house.**

The committee should include Regents, but should also include representatives from the University Foundation and the faculty. The Board of Regents might also want to follow the pattern used for the Governor's Residence Council and appoint representatives from historical, architectural, interior design, and landscape organizations.

It is painfully obvious that the University should have established such a committee long ago. It might have prevented the neglect of Eastcliff that apparently went on for many years and it might have prevented the controversy that has now come to rest on President Keller. Combining a private residence and an entertainment facility is a delicate task for a public

institution. Expenditures for the University of Minnesota President's house have been and will undoubtedly continue to be subject to suspicion and criticism. Some mechanism should be in place to guard against unfair criticism and unfounded suspicion, and we think a broad based oversight committee would help.

We recommend that the committee develop written policies for the use of Eastcliff, and develop a plan and budget to ensure that it is properly maintained. The committee should research the activities of other universities and public institutions that maintain a residence similar to Eastcliff, and the committee should become familiar with the work of the Governor's Residence Council. The President and the President's spouse should be on the committee and their needs should be given special consideration, but only to the extent that those needs are consistent with standards appropriate to a public institution.

Finally, it must be said that in the Eastcliff remodeling project, the University missed an important opportunity to consider alternatives. With a million and a half dollars the University could have built a new residence that would undoubtedly have been far less costly to maintain. Even when the University thought remodeling would cost $694,000, alternatives should have been considered. Eastcliff is an old and all-wooden structure that will undoubtedly continue to be costly to maintain. It is also not necessarily wise for the University to maintain the Presidents' private residence as a public entertainment facility. President Keller, even after all that has been spent on Eastcliff, has some concerns about the arrangement, and there is every possibility that a future president may simply refuse to live in a house that is used so frequently for University and public entertaining.

With the large sums of money that have been spent on Eastcliff, the University must now use it to the fullest extent possible as both a private residence for the University President and as an entertainment facility. At some point in the future, however, the University may again be able to consider alternatives, alternatives that might well be more agreeable, less costly, and less subject to public criticism. The University, and specifically the committee we recommend, would be well advised to prepare for a time when the University could more systematically decide what the best arrangement is for having a University President's house.

III. REMODELING OF PRESIDENT'S OFFICE SUITE

A. BACKGROUND

In April 1985, shortly after President Keller took office, plans were initiated to provide a central air conditioning system for what is referred to as the presidential suite of offices on the second floor of Morrill Hall. The plan required some construction and remodeling work to provide room for the system. The original cost estimate for this portion of the project was $62,450 to $70,600. In June 1985 the project was expanded to include refurbishing the President's personal office, including repaneling, painting and staining, and other construction. The estimated cost was $25,000. In addition, the furniture and furnishings in President Keller's office were replaced. The new items were selected by President Keller and paid for directly by the University Foundation from an expense account established for the President.

In February 1986 the project was expanded further to include remodeling or renovations to the reception area and other of the President's staff's offices. The original request for a cost estimate identified certain structural changes to be made, including removal and replacement of doors, construction of walls, and painting. The project was subsequently expanded to include other remodeling and various furnishings.

The majority of construction and remodeling work related to these projects was performed by the University's Physical Plant. Certain construction work in the reception area and other offices was done by outside contractors.

Table 5 summarizes total costs associated with these remodeling and renovation projects relating to the Presidential Suite of offices. Table 6 identifies the funding sources for the projects. The original funding of $8,053 came from Physical Planning reserve funds which are used for initiation or planning of various capital projects. Other funding, totaling $6,725, came from unexpended allotments previously authorized for refurbishing former President C. Peter McGrath's office. As indicated before, the University Foundation provided $39,951 to pay for President Keller's office furniture and furnishings. The majority of funding, totaling $131,693, came from Plant Fund investment income or other temporary investment income, based on allotment approvals by Vice President for Finance and Operations David Lilly.

B. CONCLUSIONS

In our view the President's office remodeling became a public controversy because the office furniture and furnishings were more expensive and elaborate than normally expected at a public institution. In fact, the

TABLE 5

PRESIDENT'S OFFICE SUITE REMODELING
SUMMARY OF EXPENDITURES
AS OF FEBRUARY 29, 1988

Central Air Conditioning System:		
Construction and Painting	$19,068	
Architectural and Engineering Services	13,333	
Sheet Metal Work	11,993	
Electrical	7,583	
Plumbing and Refrigeration	5,052	
Equipment	2,045	
Other	1,138	
Subtotal		$ 60,212
President Keller's Office:		
Repanel Office	$12,666	
Painting and Wallcovering	7,646	
Repair Floor, Ceiling, and Walls	6,568	
Other Work	6,164	
Furnishings -		
Desk and Credenza	17,445	
Chairs and Sofa	10,337	
Tables	4,096	
Draperies	4,490	
Other	2,448	
Subtotal		$ 71,860
Reception Area and Other Offices:		
Construction Work	$13,710	
Work Stations and Cabinets	30,503	
Loveseats, Tables, and Chairs	7,211	
Carpeting and Draperies	5,888	
Interior Design Services	5,508	
Other	4,205	
Subtotal		$ 67,025
TOTAL EXPENDITURES		$199,097

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TABLE 6

PRESIDENT'S OFFICE SUITE REMODELING
SOURCES OF FUNDING
AS OF FEBRUARY 29, 1988

Date	Description	Total	Plant Funds Investment Income	Temporary Investment Income	Physical Planning Reserves	University Foundation
Apr-85	Initial Planning Funds	$ 6,008			$6,008	
Jun-85	Equipment Purchase	2,045			2,045	
Jul-85	Prior President's Allotment	6,725	$ 6,725			
Aug-85	Nonrecurring Allotment	83,100	83,100			
Dec-86	Nonrecurring Allotment	50,000		$50,000		
Apr-87	Nonrecurring Allotment	12,000		12,000		
Various	Direct Purchases for Furnishings	39,951				$39,951
TOTAL ALLOCATIONS		$199,829	$89,825	$62,000	$8,053	$39,951

NOTE 1: The difference between total allocations of $199,829 and Total Expenditures of $199,097, as shown in Table 5, represents the unobligated or free balance of $732.

office furnishings cost more than twice the amount of other senior University officials. President Keller has acknowledged the furnishings were perhaps more elaborate than necessary and plans to personally purchase the desk and credenza.

The office furniture notwithstanding, the office remodeling raises several concerns. First, the project was never included on the University's building reporting system. This is evidently because there is some confusion over whether Physical Plant projects should be included. In our view the project should have been included, consistent with the Regent's policy interpretations that sensitive projects should be brought to the attention of the Regents. More broadly, the project grew in scope as several smaller projects were added on to the original air conditioning work. This illustrates the need to clearly define what is a "project." In our view, if remodeling projects in the same physical area exceed dollar reporting threshholds they should clearly be reported to the Regents.

A second concern is the use of the President's Foundation expense account to directly pay for University capital assets. In the case of the President's office this practice was especially troubling because of the expensive office furnishings purchased. The Foundation paying directly for these items lessens University control over purchasing and capital assets. In the next section we discuss these issues more fully and make recommendations that address deficiencies illustrated by both Eastcliff and the office remodeling project.

IV. REPORTING AND ACCOUNTABILITY: PROBLEMS AND RECOMMENDATIONS

Our review was limited to the Eastcliff and President's office renovation projects. However, we did identify problems which may be applicable to all University building projects. We have made recommendations for improved procedures and controls in these areas.

University procedures and controls for reporting building projects to the Board of Regents are inadequate and were not followed by administrative staff for the Eastcliff and Presidential Office Renovation projects.

The Board of Regents has delegated certain authority to the officers and employees of the University. The current delegation of authority was originally approved by the Board of Regents on October 17, 1980, with subsequent amendments through September 11, 1987. The delegation includes authority to execute contracts and agreements for building construction, building and equipment alterations, and improvements. In January 1978, the Secretary of the Board of Regents wrote an interpretation of the previous Delegations of Authority. (See Appendix E.) The interpretation, although not formally adopted by the Board, served as a basis for internal administrative procedures for reporting building projects to the Board of Regents. For the last year, the Board of Regents has been reviewing the guidelines for reporting capital projects. Final action regarding revision of the guidelines has not been taken.

Although not formalized in the Board of Regents approved policies, the following guidelines have been adopted by University personnel for reporting capital projects: (see Appendix F)

- All projects funded in total or in part from legislative capital appropriations are to be reported to the Board of Regents for approval as a separate line item on the Physical Plant and Investments Committee (now Physical Planning and Operations Committee) Regents Agenda.

- All projects with a total project cost dollar scope of $100,000 or more regardless of the source of funds are to be reported to the Board of Regents for approval as a separate line item on the Physical Plant and Investments Committee Regents Agenda.

- All projects funded in total from funds other than legislative capital appropriations with a total project cost dollar scope between $50,000 and $100,000 are to be reported for information in the Vice President's Monthly Report to the Regents.

As discussed in Section I, the Eastcliff Renovation and Maintenance Project was never included as a separate item for approval on the Physical Planning and Operations Committee Report in September 1985. In addition, the project did not become a part of Vice President Lilly's monthly report to the Board of Regents on the status of open building projects. University administrative personnel have stated that the omission of this

project from the monthly reporting system was an oversight resulting from the fact that the project had never been included as a formal agenda item for approval. Similarly, the President's Office Suite Renovation project was not included in Vice President Lilly's monthly report, in part because the work was not considered to be a unified project and the individual components were not anticipated to exceed $100,000. University personnel have stated that normally repair or renovation projects which are completed by Physical Plant staff, with estimated costs under $100,000, were not included in the report.

In reviewing University procedures for reporting capital projects to the Board of Regents, we identified the following procedural problems:

- Current policies regarding reporting of capital projects to the Board of Regents are vague and have not been formally adopted by the Board. The policies do not provide a clear definition of what constitutes a project.

- For non-state funded projects, current procedures do not require reporting back to the Board of Regents when cost overruns occur, whether resulting from unexpected field conditions or program scope changes. As a result, if other funding sources are available, expenditures for a given project could significantly exceed amounts authorized by the Board.

- University accounting policies allow funds to be obligated and expended prior to the allocation of funds. There are no controls to ensure that the Board of Regents officially approve capital projects before funds are expended.

- There are no accounting controls over the data included in the Vice President for Finance and Operations monthly report to the Board of Regents. Without a verification to applicable accounting records, it is possible for individual projects to be excluded inadvertantly from the report.

- Costs incurred by Physical Plant are only updated to the accounting records twice a year or when applicable authorizations are closed. As a result, at any point in time, expenditure totals for individual projects could be significantly understated on the accounting records, making project management and cost accountability difficult.

We believe that the problems identified above contributed to the lack of accountability over the Eastcliff and President's Office Suite renovation projects.

Recommendations:

- **The Board of Regents should formally adopt policies for approval and reporting of capital project expenditures. The policies should specify:**

- when Board of Regents approval is required prior to expenditure of funds;

- what information should be included in the monthly report to the Board; and

- what procedures are required for reporting back to the Board when cost overruns occur, whether resulting from program scope changes or unexpected field conditions.

- The University should develop a system to provide accurate and complete information regarding capital projects in process. Information reported in the monthly report to the Board of Regents should be based on a verified to applicable accounting system records.

- Costs associated with Physical Plant projects should be allocated to the applicable project accounting records on a monthly basis.

Authority for the use of unrestricted funds should be clarified by the Board of Regents.

As discussed in Section II, the University has certain unrestricted revenues available to fund various activities. A portion of the accumulated reserves from these revenues are under the control of the central administration, primarily President Kenneth Keller, Vice President for Finance and Operations David Lilly, and Vice President for Academic Affairs and Provost Roger Benjamin. Accumulated reserves under this central control currently total approximately $50 million. Increases to the reserves come from areas such as temporary investment income, including the University's security lending program, indirect cost recoveries, and special transfers from other areas such as Support Services. A portion of these reserves are encumbered or set aside for various contingencies and special projects. The unencumbered portion is available for expenditure, based on the authorization of one or more of the administrators named above. Each year University management allocates a portion of these reserves to various projects through a process which is called the "soft funding budget".

These unrestricted funds were used to greatly expand the scope of the Eastcliff project and, to a lesser extent, the remodeling of the President's office suite. The use of these funds for these purposes was not reported to the Board of Regents. In addition, the process used for requesting and allocating these funds to the Eastcliff project did not provide effective fiscal management. There never was a comprehensive budget or fiscal plan for the project and expenditures and obligations were incurred prior to the allocation of funding.

Although it is probably appropriate to have limited discretionary funds available for expenditure by the administration without specific Board authorization, it is important to have adequate checks and balances to ensure accountability over use of such funds. If not appropriately

controlled, the funds can be used to cover variances or cost overruns associated with individual building projects. As discussed previously, the Board of Regents reporting guidelines do not clearly address reporting of cost overruns or change orders for building projects.

Recommendation:

- **The Board of Regents should improve controls over the authorization and utilization of unrestricted or discretionary funds. Policies should be established regarding required approvals and reporting necessary for expenditure of these funds.**

Procedures for purchasing capital equipment through the University Foundation require improvement.

Since 1975 the University of Minnesota Foundation, by standing resolution, has provided expense accounts for the University President, the senior Vice Presidents, and the Director of the University Hospital. The purpose of these expense budgets is to support certain outreach activities, by these offices on behalf of the University, for which the expenditure of public money is not appropriate. For fiscal year 1988, the Foundation approved an expense allocation of $50,000 for the President and a total of $32,500 to be allocated to the senior Vice Presidents and the Director of the University Hospital.

The President's Foundation expense account is used for various purposes. Guidelines identifying allowable expenses are fairly broad and include items such as fundraising travel expenses; entertainment expenses, including Eastcliff entertainment; and travel expenses for the President's spouse. In addition, during fiscal years 1986 and 1987, President Keller used the expense account to fund various capital purchases for Eastcliff and his office. As discussed previously, furnishing purchases totaling $35,725 for Eastcliff and $39,951 for the President's office were made by the Foundation during this time period.

When expenditures are authorized through the President's expense account, payments to the applicable vendor are made directly by the Foundation based on documentation approved by the University Vice President for Finance and Operations and the Foundation Treasurer. Other than this final review, the Foundation has not established procedures or controls over selection of vendors or payment authorization for expense account disbursements. These expense account procedures differ from other grants from the Foundation to the University. Normally, an allocation of funds is transferred to the University when approved by the Foundation. Subsequent expenditure of these funds is subject to the applicable procurement and budgetary controls of the University.

We do not believe it is appropriate for the University to fund capital purchases through the President's Foundation expense account. The expense account should be reserved for more routine operating expenses of the President, such as travel and entertainment. Direct acquisition of capital assets by the Foundation on behalf of the University subjects the

University to higher risk. Using this mechanism for purchasing eliminates the expenditures from University accounting records and provides an opportunity to ignore established procurement controls, such as bidding requirements and budgetary restrictions. University accountability for the expenditures is diminished when the payments are made directly by the Foundation. In addition, the procedures raise questions regarding ownership of the assets and proper recording on inventory records. Therefore, we believe the practice should be limited and tighter controls should be established with the Foundation when such transactions occur.

Recommendation:

- **The University should not pay for capital expenditures directly from the President's Foundation expense account. Formal procedures should be established to provide for appropriate accountability and ownership of assets if capital purchases are to be funded by the Foundation.**

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BID TABULATION - EASTCLIFF REMODELING - 31 October 1985, 2:00 p.m. CST

BIDDER	BASE BID	ALTERNATES								
		1 Through wall A.C.	2 Central A.C.	3 Buffet & Bay Window	4 Garden room ceiling	5 Window Seats Upstairs	6 Alternate Dining Room Cornice	7 Replicate Dining Room Cornice	8 Central Humidifier	
TLA Estimate October 2, 1985	$255,000	$18,000	$86,000	$13,000	$6,000	No Est.	No Est.	No Est.	No Est.	
Frerichs Construction	251,900	10,900	111,200	11,300	3,800	4,700	2,200	1,750	5,100	
Forcon Construction, Inc.	268,000	11,000	130.000	13,000	3,000	4,000	2,000	2,000	5,000	
GEM Construction	276,197	14,612	No Bid	11.688	$6/S.F.	4,668	4,569	5,924	5,394	
SOCON Construction, Inc.	286,000	16,800	114,000	14,600	3,900	7,400	9,300	7,400	4,000	
KOCOL Construction Co.	291,300	13,940	109,778	8,500	2,940	2,288	1,346	732	3,800	
Shaw-Lundquist Associates	307,900	14,600	120,000	15,000	1,000	3,300	6,800	4,600	5,200	
Kraus-Anderson Construction Co., Inc Building Division	350,000	17,450	126,000	18,500	3,100	3,500	10,500	6,200	6,000	

APPENDIX B

UNIVERSITY OF MINNESOTA Office of the Vice President for Finance and Operations
301 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-5940

September 6, 1985

The Honorable Wendell R. Anderson
The Honorable Charles H. Casey
The Honorable Willis K. Drake
The Honorable Erwin L. Goldfine
The Honorable Wally Hilke
The Honorable David M. Lebedoff
The Honorable Verne E. Long
The Honorable Charles F. McGuiggan
The Honorable Wenda W. Moore
The Honorable David K. Roe
The Honorable Stanley D. Sahlstrom
The Honorable Mary T. Schertler

Dear Ladies and Gentlemen:

I am writing to advise you of the plans for Eastcliff that are under way to correct maintenance deficiencies that have been accumulating on a deferred maintenance list and implement the renovation of the dining/kitchen area to more appropriately and efficiently serve the public service and official entertainment function of the residence.

We are proceeding with the development of these plans primarily on the basis of The Eastcliff Long Range Plan (copy attached) that was initiated by former President C. Peter Magrath and resulted from a committee study. It was the intent of Dr. Magrath to present the completed plan to you for discussion and direction; however, with the change in administration, a "hold" was placed on the completion of the final section. I want to call your attention to some of the recommendations of the study committee:

1. Money needs to be allocated to cover deferred maintenance items such as replacing rotted wood siding, gutters, windows, doors; repairing concrete, chimneys, roofing, electric circuits, water piping, etc.

2. In addition, an adequate annual budget to cover daily maintenance and repairs, deferred maintenance and equipment repair or replacement should be set up.

3. The Regents need to be prepared for possible capital expenditures with the new presidential family. For example, as noted in the report, Eastcliff needs some redesign in the kitchen, additional kitchen equipment, and an additional large room for entertaining guests.

In discussions with President Keller prior to his assuming the presidency, there was consideration of this third item and agreement that the changes should be limited to renovation of the kitchen and enlargement of the dining room to accommodate official dinner guests within the existing spaces in the house, and other minor improvements related to official entertaining. We will complete the renovation and items on the deferred maintenance list on the basis of highest priority and cost effectiveness. dec

DEFERRED MAINTENANCE

1. MAIN HOUSE:

- Paint Interior and Exterior
- Replace Wood Siding
- Replace Wooden Ledge
- Replace Carport Roof
- Replace Wood Shutters
- Install New Electric Receptacles, Circuits and Panelboard
- Replace Humidifier in Basement
- Repair Cracks in Chimney
- Replace Windows and French Doors with Insulated Windows and Doors
- Caulking and Weatherstripping
- Install Glass Doors on Fireplaces
- Install Chimney Caps
- Basement Drainage System

2. GARAGE & GARDENER'S RESIDENCE:

- Paint Exterior and Interior
- Seal Concrete Garage Floor
- Replace Asphalt Shingle Roofing
- Replace Water Heater
- Repair Chimney Cracks
- Install New Electric Receptacles and Circuits
- Replace Gutters and Downspouts

3. GROUNDS:

- Sealcoat Blacktop Driveway
- Replace Deteriorated Outside Lighting Fixtures
- Paint and Repair Wood Fence

REMODELING:

Catering Kitchen
Dining Room Expansion
Breakfast Room, Family Kitchen
Service Entry
Garden Room

The architectural firm, Leonard Parker and Associates, has been retained to prepare the plans and specifications and McGough Construction Company has been selected as the contractor to perform the work.

In light of the critical need for maintenance repairs, many of which have existed for years, because the house is now occupied by President Keller and his family and because fall activities in the house must soon begin, we have established a fast-track schedule for this work and are proceeding in priority order. We have set aside approximately $200,000 for repairs and $200,000 for renovation out of non-State sources for this work and are awaiting final cost figures from the contractor. Clint Hewitt will brief members of the Physical Planning and Operations Committee on the conceptual plans at the September meeting of the Board.

I would be pleased to respond to any questions you have or to provide additional information. It is our desire to maintain the schedule for this much needed work.

Sincerely,

David M. Lilly
Vice President
Finance and Operations

cc: President Kenneth Keller
Vice Presidents
Associate Vice President Clint Hewitt
Mr. Duane Wilson

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Physical Planning & Operations Committee

September 12, 1985

A meeting of the Physical Planning and Operations Committee of the Board of Regents was held on Thursday, September 12, 1985, at 3:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Goldfine, presiding; Regents Anderson, Casey, Long, Roe, and Sahlstrom.

Staff present: Vice Presidents Dunham and Lilly; Secretary Muesing; Associate Vice President Hewitt; Chancellor Frederick.

Student Representative present: Liz Kranz

EASTCLIFF DEFERRED MAINTENANCE AND RENOVATION PROJECT

Chairman Goldfine reported that members of the Board of Regents had attended a tour that morning of Eastcliff, the President's official residence, to review proposed maintenance and renovation needs. He stated that the tour included the main house, the grounds, the residence of the caretaker and the garage.

Associate Vice President Hewitt briefly reviewed some of the proposed maintenance items that are crucial and need immediate attention which include replacing rotted wood siding, gutters, windows, doors; repairing concrete, chimneys, roofing, electric circuits, and water piping, etc. He stated that the estimated date for completion of these necessary improvements is February 1986.

The committee engaged in a discussion regarding the use of the building, particularly, whether or not Eastcliff will be used as a mini-conference center and if it will be open for University groups to use for official entertaining. Regent Goldfine requested that the administration report back to the committee regarding the intended future use of Eastcliff. ✓

Board of Regents
Physical Planning and Operations
September 12-13, 1985

The Board of Regents voted unanimously to approve the recommendations of the Staff & Student Affairs Committee.

Regent Casey reported that the committee also reviewed a proposed Professional Development Leave Policy for Academic Professional and Administrative (PA) Staff which will be presented for approval in October.

REPORT OF THE PHYSICAL PLANNING & OPERATIONS COMMITTEE

Regent Goldfine, Chairman of the committee, reported that the committee voted unanimously to recommend approval of the following actions:

a) Approval of the Monthly Report of the Vice President for Finance for the month of September 1985, Sections VII and VIII. Documentation is filed supplement to the minutes, No. 21,803.

b) Approval of resolution re Commonwealth Terrace Phases I, II & III, Window Replacement, as follows:

RESOLVED, that on the recommendation of the President and the Vice President for Finance and Operations, the appropriate administrative officers are authorized to proceed with the design, procurement and construction installation of windows at Commonwealth Terrace Phases I, II and III on the St. Paul Campus.

The Board of Regents voted unanimously to approve the recommendations of the Physical Plant & Investments Committee.

Regent Goldfine reported that the committee also reviewed proposed maintenance and renovation needs for Eastcliff and received an update on the Rosemount Research Center Contamination Studies. In addition, the committee reviewed several proposed resolutions relating to: window replacement in Westrock Hall; a proposed wind tunnel enclosure at the St. Anthony Falls Hydraulic Laboratory; a land purchase for the North Central Experiment Station in Grand Rapids; a land purchase in Morris of abandoned Burlington-Northern right-of-way for the West Central Experiment Station; and a purchase of property in St. Paul to provide parking for the Transitway Project. All of the proposed resolutions will be on the agenda in October for action.

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NOV 1 1

UNIVERSITY OF MINNESOTA
Office of the Vice President for Finance and Operations
301 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-5940

November 8, 1985

The Honorable Wendell R. Anderson
The Honorable Charles H. Casey
The Honorable Willis K. Drake
The Honorable Erwin L. Goldfine
The Honorable Wally Hilke
The Honorable David M. Lebedoff
The Honorable Verne E. Long
The Honorable Charles F. McGuiggan
The Honorable Wenda W. Moore
The Honorable David K. Roe
The Honorable Stanley D. Sahlstrom
The Honorable Mary T. Schertler

Dear Ladies and Gentlemen:

Below is a brief summary of the cost and sources of funds regarding the Eastcliff Renovation and Deferred Maintenance Project.

Item	Sources of Funds			TOTAL
	University Foundation	Univ. Maint. & Operation	Food Service	
Renovation				
Construction Cost	$238,550		$110,000	$348,550
Non-Construction Cost	115,100			115,100
Subtotal-Renovation	$353,650		$110,000	$463,650
Deferred Maintenance		$136,310		$136,310
Food Service Equipment			$ 44,517	$ 44,517
Total Project	$353,650	$136,310	$154,517	$644,477

Sincerely,

David M. Lilly
Vice President for Finance
and Operations

DML/pj

Office of the Associate Vice President

UNIVERSITY OF MINNESOTA
TWIN CITIES

Physical Planning and Physical Plant
340 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 373-2250

November 7, 1985

TO: Vice President David M. Lilly

FROM: Associate Vice President Clinton N. Hewitt

Below is a brief summary of the cost and sources of funds regarding the Eastcliff Renovation and Deferred Maintenance Project.

Item	Sources of Funds			TOTAL
	University Foundation	Univ. Maint. & Operation	Food Service	
Renovation				
Construction Cost	$238,550		$110,000	$348,550
Non-Construction Cost	115,100			115,100
Subtotal-Renovation	$353,650		$110,000	$463,650
Deferred Maintenance		$136,310		$136,310
Food Service Equipment			$ 44,517	$ 44,517
Total Project	$353,650	$136,310	$154,517	$644,477

CNH/kh

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EASTCLIFF RENOVATION

I.	Base Bid	$251,900
	Change Order #1 Electrical Transformer	10,000
II.	Add Alternates	
	A. Limited Central Air Conditioning System	60,000
	B. Buffet/Bay Window	11,300
	C. Garden Room Ceiling	3,800
	D. Window Seats	4,700
	E. Replicate Cornice	1,750
	F. Central Humidifier	5,100
III.	Total Construction Cost	$348,550
IV.	Non-Construction Cost	115,100
V.	TOTAL Renovation Costs	$463,650

Note: The $463,650 excludes the $44,517 for food service equipment and installation and the $50,000 budgeted for landscaping.

November 6, 1985

EASTCLIFF RENOVATION AND DEFERRED MAINTENANCE PROJECT

I. Renovation - Funding - Foundation

A. Base Bid	$251,900
Change Order #1 Electrical Transformer	10,000
B. Add Alternates	
1. Limited Central Air Conditioning System	60,000
2. Buffet/Bay Window	11,300
3. Garden Room Ceiling	3,800
4. Window Seats	4,700
5. Replicate Cornice	1,750
6. Central Humidifier	5,100
C. Total Construction Cost	$348,550
D. Non-Construction Cost	
A/E Consultant Fees	80,000
Contingencies	27,000
Supervision	4,000
Building Permit	2,100
Engineering Services	2,000
Subtotal	$115,100
E. TOTAL Renovation Cost	$463,650

II. Deferred Maintenance - Funding - University Maintenance & Operations

A. Main House	
1. Strip and Paint	$ 52,000
2. Repair to Front Entry Hall	3,920
3. Remodeling of Doorway into Sun Porch	4,160
4. Revision to Heating System	23,030
5. Replace Carport Roof	2,000
6. Replace Wood Shutters	5,000
7. Repair Cracks in Chimney	600
8. Basement Drainage	3,000
Subtotal	$ 93,710
B. Garage and Gardner's Residence	
1. New Structural Garage Floor	8,900
2. Replace Asphalt Shingle Roof	2,000
3. Replace Galvanized Domestic Water Piping	8,300

4.	Repair Chimney Cracks	600
5.	Install New Electric Receptacles and Circuits	1,000
6.	Remove Gasoline Pump, Pump Out Residual Liquids and Fill Underground Tank	3,800
7.	Replace Windows with Insulated Windows	9,000
	Subtotal	$ 33,600

C. Bath House

1.	Replace Asphalt Shingle Roofing	$ 1,500
2.	Replace Gutters and Down Spouts	1,000
3.	Repair Chimney Cracks	500
4.	Install New Electrical Receptacles and Circuits	500
	Subtotal	$ 3,500

D. Grounds

1.	Seal Blacktop Driveway	1,000
2.	Replace Deteriorated Outside Lighting Fixture	500
3.	Paint and Repair Wood Fence	4,000
	Subtotal	$ 5,500

TOTAL - Deferred Maintenance	$136,310

III. Miscellaneous - Funding - Food Services Operations

1. Full Prep Kitchen	$ 44,517

GRAND TOTAL	$644,477

EASTCLIFF
RECAP OF PHYSICAL PLANT EXPENDITURES

DESCRIPTION	AMOUNT	TOTAL
OTHER INTERIOR REMODELING/REPAIR		
REMOVE ASBESTOS	$6,043	
CEILING	$5,415	
CLOSET & MISC	$5,373	
WINDOW WASHERS & CLEANUP	$2,016	
RANGE PLUG & OUTLETS	$1,776	
ELECTRICAL	$1,418	
INSTALL SHELVES - KITCHEN	$1,143	
UPSTAIRS CARPENTRY	$1,025	
INSTALL WALL	$963	
CLEAN UP AFTER CONSTRUCTION	$936	
REPAIR CHIMES	$819	
ENGINEERING	$799	
REMOVE SINK IN BEDROOM	$765	
INSULATE PIPE - LIV RM CEILING	$737	
TILE BATHROOM WALL	$546	
CHECK POWER	$541	
INSTALL DRAIN TILE	$535	
REMOVE CARPET	$505	
PIPING & LEAD WASTE - BATH	$505	
REPLACE DOOR HARDWARE	$503	
DOOR KNOBS	$247	
ENERGY COSTS	$187	$32,794
INTERIOR PAINTING		
LIVRM/FOYER/UPSFOYER/BED/HALL	$26,120	
STRIP WOODWORK & PAINT	$23,314	
ASSIST PAINT SHOP	$1,003	
PAINTING	$833	
REMOVE A/C FOR PAINTING	$344	$51,614
PHONE & SECURITY SYSTEMS		
MERLIN PHONE SYSTEM	$7,641	
HONEYWELL SECURITY SYSTEM	$4,990	
PHONE	$3,584	
MOVE TELEPHONE JACKS	$578	$16,793
REPAIR ENTRY & REFINISH FLOORS		
REFINISH FLOORS	$7,864	
FRONT HALL STAIR TREADS	$3,780	
REMOVE & REPAIR FRONT ENTRY	$2,514	
FLOORING & FIR PANELS	$1,189	
FRONT ENTRY	$322	$15,668
REMOVE DUMBWAITER/INSTALL DOOR	$17,290	$17,290
EXTERIOR REPAIR & REMODELING		
PAINT & PATIO CONSTRUCTION	$51,370	
REPAIR GARARGE FLOOR	$7,700	

EASTCLIFF

RECAP OF PHYSICAL PLANT EXPENDITURES

DESCRIPTION	AMOUNT	TOTAL
DOWNSPOUTS	$3,312	
REPLACE WINDOWS CARETAKERS HOUSE	$2,720	
STRIP & REPAINT	$930	
INVESTIGATE FLOOR SLAB GARAGE	$528	
PRIME SIDING	$272	$66,831
LANDSCAPE		
SOD	$1,613	
OTHER	$1,529	
LANDSCAPE	$472	$3,614
AIR CONDITIONING		
AIR CONDITIONING	$73,096	
CHILLER	$12,712	
MISC ENGN	$2,860	
KITCHEN EMERGENCY WORK	$2,325	
DOCS/EQUIP FAN COIL UNITS	$2,324	
FURNISH & INSTALL SOUND ATTEN	$730	
SUPERVISION A/C	$658	$94,704
CONSTRUCTION SUPERVISION		
OVERTIME-KEN MERIDETH	$7,815	
CONSTRUCTION SUPERVISION	$3,701	
OVERTIME-KEN MERIDETH	$884	
OVERTIME-KEN MERIDETH	$546	$12,946
REVISE HEATING SYSTEM		
REVISE HEATING SYSTEM	$13,019	
FURNISH & INSTALL WATER HEATER	$1,451	
FURNISH & INSTALL FLOW VALVE	$511	
THERMOSTAT	$494	
HUMIDIFIER	$299	$15,774
FURNISHINGS & DECORATING		
TRACK LIGHTING & WALLCOVERING	$2,057	
CARPETING	$1,795	
HANG BLINDS	$1,535	
APPLIANCES FOR TEMP KITCHEN	$1,449	
INSTALL DISPENSERS NEW KITCHEN	$885	
WOODEN BLINDS	$501	
GARDEN ROOM TABLE	$499	$8,720
MISCELLANEOUS		$6,676
TOTAL EXPENDITURES		$343,424

NOTE: TOTAL EXPENDITURES INCLUDE ESTIMATED OBLIGATIONS OF $29,650 FOR WORK TO BE COMPLETED THIS SPRING.

APPENDIX E

INTERPRETATIONS OF DELEGATIONS OF AUTHORITY AND MATTERS TO COME BEFORE THE BOARD OF REGENTS

The Regents of the University of Minnesota, by provisions of the University Charter, are responsible for the government of the University. The Charter further provides for the selection of the Chancellor (President) of the University and officers of the Board of Regents and prescribes their responsibilities, and further provides that the immediate government of the several departments shall be entrusted to their respective faculties.

In keeping with the apparent intent of the Charter, the Regents have made two broad delegations of authority:

(1) President, University Senate, and Faculties

Matters relating to the education and administrative affairs of the University, including those incident to the management of the student body, and consistent with policies and actions of the Board of Regents, are delegated to the President, University Senate, and the several faculties as provided in the Constitution of the University Senate.

(All amendments to the University Senate Constitution must be approved by the Board of Regents, since any amendment is conceivably a change in the delegations of authority.)

(2) Corporate Officers and Administrators

Certain delegations of authority largely incident to the business and other administrative affairs of the University have been made to the corporate officers and administrators. Many of these delegations are signatory authority on behalf of the Regents of the University to be executed after Board of Regents actions have been made in accordance with established policies of the Board of Regents.

Matters to Come Before the Board of Regents for Approval

In keeping with the intent of the delegations of authority, the following items are established as representative -- but not all inclusive -- matters to come before the Board of Regents for approval.

General

All major matters not covered by an identifiable written Regents' policy.

All significant sensitive or controversial matters even though covered by a Regents' policy.

All significant contracts, agreements, and instruments with the Federal and State governments, or subdivisions of such, and with other institutions.

Annual budget.

Biennial and annual legislative requests and reports.

Gifts with unusual conditions or restrictions.

Amendments to the University Senate Constitution.

Proposed court actions if a policy issue is involved.

Physical Plant

Real estate transactions outside established boundaries, or exceeding $50,000.

New building construction over $100,000.

1. Approval of request for funds or use of University funds.
2. Completion of schematic drawings and after legislative review.

Major building remodeling (entire University) over $100,000.

1. Approval of request for funds or use of University funds.
2. Completion of schematic drawings.

Contracts exceeding $100,000.

Educational

Tuition, student services fees, and laboratory fees.

Agreements for research development, service, and training contracts, subcontracts, and grants exceeding $100,000.

College or school reorganization, establishment, or elimination.

New curriculum proposals and/or new program proposals or deletion of programs.

Appeals as provided for in the University Senate Constitution and the Tenure Code.

Personnel

Retirements, resignations, and non-reappointments shall be listed for information.

Appointments shall include:

a. tenure and special contract appointments at professor and associate professor ranks

b. visiting and adjunct appointments at professor and associate professor ranks if full-time for one quarter or more of the academic year

c. non-faculty administrative appointments in class numbers 9301 through 9316 (president through assistant director)

d. civil service appointments in range A12 and above

Promotions and transfers shall include:

a. promotion to professor and associate professor with tenure

b. all faculty tenure recommendations

c. addition or change in administrative title of faculty, administrative and civil service persons whose appointments meet criteria for inclusion under Appointments.

Salary adjustments shall include salary changes for the faculty, administrative and civil service persons whose appointments meet criteria for inclusion under Appointments.

Leaves of absence shall include leaves with and without salary, excepting sabbatical furloughs, for faculty, administrative and civil service persons whose appointments meet criteria for inclusion under Appointments.

Sabbatical leaves shall include sabbatical leaves for all-eligible faculty

Special appointments shall include all post-retirement arrangements, exceptions to the Regents' nepotism policy, and other exceptions to official appointment policies

Changes in Civil Service rules

Collective Bargaining Agreements

Matters to Come Before the Board of Regents for Information

Every attempt should be made to keep the Board of Regents informed of major activities and operations within the University so that the members of the Board will be generally knowledgeable as possible of the more important and visible University activities.

A few selected items to come before the Board of Regents for information purposes according to established policy are as follows:

All gifts over $5,000

Investment reports - monthly and semi-annually.

Real estate transactions under $50,000, and within established boundaries

All contracts, agreements, and other instruments relating to sole source procurement.

All purchases of over $25,000 from sources othat than low bidder.

January 5, 1978

APPENDIX F

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UNIVERSITY OF MINNESOTA
TWIN CITIES

Engineering and ~~Design Division~~
Physical Plant Operations
100 Shops Building
319 15th Avenue S.E.
Minneapolis, Minnesota 55455

October 9, 1984

TO: Edward Ehlenz
Burton Flick
Howard Heck
Evan Merz

FROM: David Kerkow DBK

SUBJECT: Procedures for Reporting Projects to the Board of Regents for Approval to Proceed

Each of you received an outline of the subject procedures at the June 20, 1984 Staff Meeting. The following is a clarification of that outline.

1. Items IA and IB will be taken care of by Clint Hewitt, or others of his staff.

2. Item IC information will be submitted by you to me for transmittal to Clint Hewitt. Projects covered under this item will be submitted to me as soon as funding for design is received. Design may start at once. Project shall not be contracted until Regent's approval is received.

3. Item II (same comment as 2.) Items IC and II will be reported as information items one month and presented for approval the next month. All submittals must be in to me before the 15th of each month to be included on that months agenda. In most cases it should be possible to submit all information at one time. This should include any material necessary to make up the 30" x 40" presentation boards. If for some reason this cannot be done, see me regarding what can be delayed and for how long.

4. Item III project information will be submitted by you to me as soon as projects are funded.

Preventative maintenance projects for Physical Plant will not be reported.

All projects received from Planning will be the Planning Office's responsibility to report.

All items required will be reported without concern for any information submitted by other Vice Presidents.

Please discuss any questions you have regarding this procedure wth me.

DK/cb
cc: Clint Hewitt
Gary Summerville
Tony Aydinalp
Larry Anderson

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Outlined Below For Discussion Purposes Only is a Set of Procedures for Reporting Projects to the Board of Regents for Approval to Proceed:

I. All projects funded in total or in part from legislative capital appropriations are to be reported to the Board of Regents for approval as a separate line item on the Physical Plant and Investments Committee Regents Agenda. The required reporting documentation would be as follows:

A. Presentation Boards (30" x 40") illustrating Schematic Plans

B. An agenda item cover sheet indicating: (see Attachment A)

1. Title of Project for Information or Resolution/ Motion Required

2. Administrative Recommendation of Resolution or Proposed Action

3. Purpose or Intent of the Item

4. Previous Board Action and/or Pertinent Information

C. A Project Data Sheet indicating: (See Attachment B)

1. Title of Project

2. Basis for Request

3. Funding

4. Scope of Project

5. Cost Estimate

6. Time Schedule

7. Architect

II. All projects with a total project cost dollar scope of $100,000 or more regardless of the source of funds are to be reported to the Board of Regents for approval as a separate line item on the Physical Plant and Investments Committee Regents Agenda. The required reporting documentation would be the same as those indicated in number one above.

III. All projects funded in total from funds other than legislative capital appropriations with a total project cost dollar scope between $50,000 and $100,000 are to be reported for information in the Vice President's Monthly Report to the Regents. Non-legislative funded projects below $50,000 will not be reported to the Board.

The information to be included would be brief and itemized as follows: (see Attachment C)

A. Title of Project

B. Funding totaling Total Project Cost

C. Project Description indicating Anticipated Completion Date

These non-legislative projects between $50,000 and $100,000 will make up the first section in the monthly report and will appear in the report only once in that their progress would not be reported in subsequent monthly reports.

CNH:GJS:lfs

Attachments

March 12, 1984

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

ATTACHMENT A

AGENDA ITEM FOR_____COMMITTEE

I. Title_____

( ) Information ( ) Resolution or Motion Required

II. Administration Recommended Resolution or Proposed Action:

III. Purpose or Intent of the Item:

IV. Previous Board Action and/or Pertinent Information:

V. Presented by_____

VI. Date_____

ATTACHMENT C

PHYSICAL PLANNING PROJECTS-IN-PROCESS
Reporting Month

PROJECT	FUNDING	PROJECT DESCRIPTION	ESTIMATED COMPLETION
AMPUS LOCATION			
.			
.			
.			
tc.			
s			

TITLE _____

1. BASIS FOR REQUEST:

2. FUNDING:

3. SCOPE OF PROJECT:

4. COST ESTIMATE:

5. TIME SCHEDULE:

	Dates
Complete working drawings	
Advertise for bids	
Receive bids	
Award contracts	
Begin construction	
Complete construction	

6. ARCHITECT

Office of the Legislative Auditor
Veterans Service Building, Saint Paul, Minnesota 55155